

Message Text

UNCLASSIFIED

PAGE 01 BRIDGE 00619 092111Z

55

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AGR-20 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01

/178 W

----- 020519

R 091322Z APR 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 6989

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

USDOC WASHDC

6USDA WASHDC

UNCLAS BRIDGETOWN 0619

E.O. 11652: N/A

TAGS: EGEN EFIN BEXP BB

SUBJ: BUDGET SPEECH: LOW KEY AUSTERITY

1. PM ERROL BARROW STRESSED AGRICULTURAL SELF-SUFFICIENCY, EXPORT PROMOTION AND ECONOMIC STABILITY IN HIS 1974/75 BUDGET SPEECH ON APRIL 5. WHILE PRESENTING BUDGET OF APPROXIMATELY

US \$103.5 MILLION, PM INTRODUCED SERIES OF MEASURES DESIGNED TO RAISE REVENUE AND SECURE COUNTRY'S INTERNATIONAL PAYMENT POSITION, DISCOURAGE NEEDLESS CONSUMPTION OF IMPORTS, ESPECIALLY FOODSTUFFS, WHILE ALLOWING FOR CONTINUED PROGRESS OF BARBADOS' INFANT MANUFACTURING SECTOR. PM INTRODUCED SERIES OF HIGHER RATES ON WIDE RANGE OF ITEMS INCLUDING WATER AND SEVERAL TYPES OF LICENSES, VASTLY INCREASED CONSUMPTION TAXES AND IMPORT RESTRICTIONS ON A NUMBER OF ITEMS, RANGING FROM POULTRY AND OTHER FOODS TO NEW LICENSING REQUIREMENTS AND

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRIDGE 00619 092111Z

QUOTA RESTRICTION ON OTHERS, INCLUDING LAMB AND MUTTON.

OVERALL PUBLIC REACTION TO BUDGET PROPOSALS WAS CALM ACCEPTANCE MIXED WITH RELIEF THAT GOB SEEMS TO BE AVOIDING ANY EXTREME RESTRICTIVE MEASURES REGARDING FOREIGN TRADE AND TRAVEL. WHILE MEASURES MAY ADD TO THE EXPENSE OF LIVING IN BARBADOS, THEY ARE EXPECTED TO HAVE MINIMUM ADVERSE IMPACT ON GENERAL LIFE STYLE AND, WITH A FEW NOTABLE EXCEPTIONS, ON BUSINESS.

2. PM BEGAN SPEECH WITH REVIEW OF 1973 ECONOMIC PERFORMANCE, WHICH HE DESCRIBED AS "GENERALLY SATISFACTORY BUT MIXED". HE CONTRASTED WHAT HE TERMED REAL GROWTH RATE OF 2.4 PERCENT WITH NEGATIVE RATE FOR 1972 AND STRESSED FOLLOWING SIGNS OF PROGRESS:

A) DOMESTIC EXPORTS: UP 30 PERCENT OVER 1972. INCREASES OF 15 PERCENT ON SUGAR EARNINGS AND 43.6 PERCENT FOR EARNINGS FROM MANUFACTURED EXPORTS.

B) TOURISM: UP 14 PERCENT FROM 1972.

ON NEGATIVE SIDE, PM CITED EXTERNAL INFLATION AS HAMPER BING ECONOMIC GROWTH AND NOTED THAT 26 PERCENT RATE (DECEMBER 1972 TO DECEMBER 1973) WAS HIGHEST YET RECORDED. PM ALSO NOTED THAT IMPORTS HAD INCREASED OVER 18 PERCENT TO US \$164.4 MILLION BUT ADDED THAT INCREASE IN EXPORT ACTIVITIES MADE 1973 VISIBLE TRADE DEFICIT OF US \$19.9 MILLION LOWEST SINCE 1963. TOTAL TRADE DEFICIT OF US \$15.1 MILLION WAS FINANCED IN MAIN BY COMMERCIAL BANK BORROWING OVERSEAS. ADDITIONALLY, A DEFICIT OF APPROXIMATELY US \$7.4 MILLION BETWEEN CURRENT REVENUE AND EXPENDITURE REMAINED TO BE COVERED.

3. SPECIFIC REVENUE RAISING MEASURES AND TRADE RESTRICTIONS INCLUDE:

A) WATER RATES-INCREASES RANGING FROM 50-200 PERCENT (HERETOFORE BARBADOS' WATER RATES WERE REGION'S LOWEST);

B) GASOLINE TAXES INCREASE OF US\$.02 PER GALLON;

C) LICENSING FEES-VAST INCREASES FOR MOTOR VEHICLES AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRIDGE 00619 092111Z

BICYCLES. INCREASES OF 100-200 PERCENT IN OWNERS/OPERATORS' LICENSING FEES FOR VEHICLES, FIREARMS, ETC.

D) HOTEL TAX STRUCTURE CHANGED FROM 4 PERCENT ON GROSS REVENUES TO 5 PERCENT ACROSS BOARD SALES TAX.

E) IMPORTS OF FOLLOWING PRODUCTS BANNED: BEER, MARGARINE, BISCUITS, CONDENSED/EVAPORATED MILK, POULTRY KILLED OR

DRESSED, CANNED SWEET POTATOES, GREETING/CHRISTMAS CARDS,
CHAIRS;

F) IMPORTS OF FOLLOWING, PREVIOUSLY FREE, NOW SUBJECT TO
LICENSING AND QUOTA RESTRICTIONS: MUTTON/LAMB, FRESH/FROZEN
PORK, SPECIAL POULTRY PARTS, APPLES, GRAPES, VEGETABLES
IN AIRTIGHT CONTAINERS, PEANUTS;

G) CONSUMPTION TAXES INCREASED ON WIDE RANGE OF COMMODITIES
INCLUDING WASHING MACHINES, AIR CONDITIONERS, WATER HEATERS,
COSMETICS, CUTLERY, HOUSEWARES, ETC.

4. PM ALSO INCREASED TAX ON SUGAR SALES FROM US \$6.60 TO
US \$ 20 PER TON, REVENUE ACCRUING THEREFROM TO BE USED FROM
SOCIAL WELFARE PROJECTS.

5. COMMENT: REACTION TO BUDGET PROPOSALS HAS BEEN VERY
RESTRAINED. BARBADIANS, CONSCIOUS OF MORE STRINGENT MEASURES
INTRODUCED BY OTHER CARIBBEAN GOVERNMENTS, WERE VISIBLY
RELIEVED TO DISCOVER THAT GOB MEASURES WOULD NOT SERIOUSLY
AFFECT QUALITY OF LIFE. IMPLEMENTATION AND PRECISE NATURE OF
MANY RESTRICTIONS REMAINS VERY UNCLEAR AT THIS POINT,
ESPECIALLY RE IMPORT RESTRICTIONS AND LICENSING REQUIREMENTS.
ITEM OF MOST SIGNIFICANCE TO U.S. WOULD APPEAR TO BE BAN
ON POULTRY IMPORTS, LARGE PORTION OF WHICH COME FROM U.S.
EMBASSY WILL BE CONFERRING SHORTLY WITH GOB TO OBTAIN MORE
PRECISE DATA ON THIS RESTRICTION AND WE HAVE ALREADY BEEN
IN TOUCH WITH LOCAL INDUSTRIES AFFECTED WHICH ARE ALSO
SEEKING CLARIFICATION. CERTAIN OTHER OF FOOD IMPORT RESTRICTIONS
MAY HAVE ADVERSE IMPACT ON USDA PREPARED FOODS SHOW SLATED
FOR JUNE 11-12 IN BRIDGETOWN. WE WILL ADVISE ON EXTENT AND
MANNER IN WHICH BANS AND LICENSING REQUIREMENTS WILL AFFECT
U.S. SUPPLIERS.

E E E E E E E

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, AGRICULTURAL PRODUCTION, ECONOMIC GROWTH, SPEECHES, ECONOMIC PROGRAMS, IMPORT CONTROLS, GOVERNMENT REVENUES, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRIDGE00619
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740081-0839
From: BRIDGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740456/aaaabzce.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 24 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2002 by bryansd0>; APPROVED <18 DEC 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BUDGET SPEECH: LOW KEY AUSTERITY
TAGS: EGEN, EFIN, BEXP, BB, (BARROW, ERROL)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005